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S E C R E T SECTION 01 OF 03 SANTO DOMINGO 000709

SIPDIS

STATE FOR WHA, WHA/CAR, WHA/EPSC, INL; NSC FOR SHANNON AND

MADISON; TREASURY FOR OASIA-LAMONICA; USTR FOR MALITO

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TAGS: [EFIN](#) [KIPR](#) [ETRD](#) [DR](#)

SUBJECT: DOMINICAN PRESIDENT ON BROADCAST PIRACY, LAW

ENFORCEMENT REFORM, EXTRADITION AND ECONOMIC PROGRAM

Classified By: DCM LKUBISKE. Reason 1.4 (b) and (d).

1. (C) Summary. Dominican President Leonel Fernandez discussed the Dominican economy, CAFTA, broadcast piracy, Haiti and police and intelligence reform during a February 2 meeting with the Ambassador. Fernandez believes the new IMF Standby Agreement is as important for creating confidence as it is for bringing stability to the country. He said that his government is committed to educating the public on CAFTA, an agreement still misunderstood by much of the country. He promised to look into the continuing problem of television broadcast piracy. Fernandez gave details regarding planned changes in the National Directorate of Intelligence and said that he would accept Embassy information to assist in cleaning up the corrupt police force. He said that he would speak with the Dominican Ambassador to Haiti regarding his behavior, and acknowledged the importance of a sensitive extradition case now underway. End summary.

2. (SBU) In a February 2 meeting, the Ambassador congratulated President Fernandez on completion of the IMF Standby Agreement, announced January 31. Fernandez noted that the agreement is as important for creating confidence as it is for bringing economic stability. He believes it vital for Dominicans to understand that the Standby agreement is not creating new austerity, but that his government began taking the current cost-cutting measures immediately after taking office last August. "I think that the worst of the crisis has passed," he said.

3. (C) The Ambassador noted that the quasi-fiscal deficit is a serious and persistent problem. Fernandez said that yes, the deficit is real, but argued that the peso's appreciation has made it a smaller problem than it was before. He reported that a committee had been formed with representatives from the Attorney General's Office, Central Bank, and the Banking Superintendent to decide how to liquidate Baninter debt. Fernandez added that the proceeds from collections will be used to reduce the deficit, and pointed out that this year government deficit spending is .7% and that the 2006 target is to eliminate the deficit completely. Any surplus in 2006 would be applied to reduce the quasi-fiscal deficit.

CAFTA and IPR

4. (C) The Ambassador mentioned the recent meeting of foreign ministers in Central America regarding CAFTA and their universal support for ratification. Fernandez asked when the United States expected to ratify. The Ambassador responded that ratification is moving forward in the United States already and that the Dominican Republic should proceed as soon as possible. Fernandez noted that Chile has done exceptionally well and benefitted under its bilateral free trade agreement with the United States. He was conversant with Chile's export figures and saw the country's free trade relations with the United States under NAFTA as responsible for the country's strong economic performance, adding that the Dominican Republic's proximity to the United States should allow for even greater benefits here. Fernandez said that he wants to organize a daylong program at his Global Foundation for Democracy and Development (www.funglode.org) to help explain and discuss CAFTA. He thinks that there is still much misunderstanding about the agreement and that a discussion by Dominican senators, business leaders and economists would lead to greater public understanding of the benefits of CAFTA. He hopes that one or two people from USTR could speak at this event.

5. (C) The Ambassador indicated the U.S. Government's desire to see an end to television broadcast piracy and noted that U.S. Representative Katherine Harris has expressed her concern about the broadcast piracy problem in the Dominican Republic and will soon be sending Fernandez a letter documenting her interest. The Ambassador said that television broadcast piracy remains a serious problem here and that despite a court case late last year against the major Dominican station Telemicro, independent state action

to stop the problem is urgently needed. He reminded Fernandez of his desire to develop the film industry here and to organize a film festival in the future to promote the industry, noting that these plans will not advance if piracy continues. The Ambassador told Fernandez that the Motion Picture Association of America (MPAA) has asked for a review of the Dominican Republic's GSP status based on the continuing problem. Fernandez asked if CAFTA would not make GSP redundant. The DCM noted that broadcast piracy will continue to be a problem in any number of contexts, including CAFTA ratification, if not cleaned up.

16. (C) Fernandez said that he knew that Telemicro had broadcast &new8 (pirated) movies in the past, but thought that the problem had been resolved. He said that he would check into the issue, adding in English, "I've got the message." Continuing with the theme of IPR enforcement related to movies, Fernandez mentioned that he had argued with the head of the National Copyright Office (ONDA) recently for having conducted a raid on a prominent local video store. He noted that the video rental business has no interest in pirated products and that these &legitimate8 stores are against piracy. (Note: We have heard several versions of the raid story; and one includes the use of presidential police to call off ONDA during the raid. The issue of video stores is murky, involving legitimately purchased products created for the U.S. market being sold here, circumventing the regional code protocols set up by major studios. End note.)

Paulino--Drugs

17. (C) Speaking of the recent arrest of retired Captain Quirino Paulino Castillo for narcotrafficking, Fernandez said that the case had taken the country by surprise. Fernandez commented that it is often impossible to know what a person is truly like. During his campaign the president personally heard very positive comments about Paulino. He noted that he hopes for Paulino's prompt extradition without mishaps. He promised to try to ensure adequate security for Paulino while his extradition request is pending a Supreme Court decision.

Concerns about Dominican Intelligence Chief

18. (S) The Embassy raised problems with the National Intelligence Directorate (DNI) under the leadership of Retired General Manuel de Jesus Florentino y Florentino, and led a frank discussion concerning questions about Florentino's competence and personal integrity, as well as information linking Florentino to Paulino. The President noted that during his first term Florentino had served as his Secretary of the Armed Forces and had headed the presidential security guard as well. Fernandez had seen him as a serious, and &correct8 officer and said that he had not known of any association by Florentino with narcotrafficking. The president seemed to acknowledge Embassy arguments, however and agreed to remove Florentino &soon8 at a less politically volatile moment, and sought Embassy input on his replacement.

Crime and Corruption

19. (C) Commenting on the military, Fernandez said that it is understood that high-ranking military staff members routinely take 10% of resources that passes through their hands as a "commission," adding "the military is a corrupt institution." He said that if he moved too fast in firing corrupt officers, his own position would be in jeopardy. He noted that Mejia was fond of the military and kept his guards dressed in uniform while Fernandez prefers civilian clothing for his guards. Fernandez considered it a significant achievement to have forced retirement of 100 generals since taking office. He commented that this still leaves 100 more who should be relieved. On the other hand, he said, "if one thing works in the Dominican Republic, it's the military," -- indicating that the military is disciplined, and hierarchical, and proud of position.

110. (C) Fernandez said one of his government's priorities is dealing with crime and an important element is cleaning up the police force. Immediately after his inauguration, he noted, Dominicans just wanted him to strengthen the peso, but now all they want is a lower crime rate. Fernandez asked for Embassy ideas on combating police corruption and said that he was receiving advice from the New York City Police Department, the NYPD, New Jersey State Police, and John Jay College of Criminal Justice of the City University of New York, and had invited the Bogota (Colombia) police chief to help improve training of the Dominican police force. Embassy NAS Officer noted that training and equipping the police force is vital, but narcotics-related corruption at the highest levels of the police force must also be addressed. Fernandez said that he would fire corrupt police officers when provided with evidence and asked for Embassy's help in obtaining this. The Ambassador offered to provide additional

details regarding known corrupt officials.

Haiti

11. (S) As a followup to previous discussions between the Ambassador and President Fernandez regarding Haiti, the Ambassador referred to rumors that Dominican Ambassador to Haiti Jose Serulle Ramia was not being entirely faithful to Dominican policy guidelines. Fernandez replied that he had chosen Serulle for this position because he belongs to a respected family and is serious, educated, honest, and trusted, and fluent in French and Creole and thus a fitting representative for the Dominican Republic. However, Fernandez conceded, Serulle, like others in his family, is a little crazy and very emotional, and commented only half in jest that he would not be surprised if Serulle considered himself a viable candidate for the presidency of Haiti. Fernandez stated categorically that he understands that Serulle is meeting in a "leadership role" with all sectors of Haitian society, including the opposition, -- which, according to Fernandez, "is not his job." Fernandez promised to rein in Serulle. He emphasized that the Dominican Government recognizes the Haitian Interim Government (IGOH). He said that he believes his government has a responsibility to help Haiti, since Haiti's situation affects both sides of the border. (Note: Foreign Minister Carlos Morales Troncoso, in comments to the Ambassador on February 7, called Serulle &useless and &crazy and said he would be removed within the next two weeks. Septel reports details of that meeting. End note.)
HERTELL